

Message Text

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PAGE 01 ATHENS 04821 231341Z
ACTION EUR-12

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-----231733Z 005669 /45

R 231301Z MAY 77
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 778
INFO USDOC WASHDC
AMCONSUL THESSALONIKI

LIMITED OFFICIAL USE ATHENS 4821

DEPT PASS EXIM

EO 11652: NA
TAGS: BENC GR
SUBJECT: MAJOR PROJECTS - HIMIC PETROCHEMICAL COMPLEX AT
NEA KARVALI

REF: ATHENS 4335

1. DURING CALL AT EMBASSY ON MAY 23, MANAGING
DIRECTOR OF DOW CHEMICAL HELLAS REPORTED THAT DOW
CHEMICAL IS INTERESTED IN PROPOSED \$650 MILLION
PETROCHEMICAL COMPLEX AND IS IN CONTINUING NEGOTIATIONS
WITH HIMIC OFFICIALS. HE REPORTED THAT FOSTER WHEELER,
WHICH PREPARED HIMIC FEASIBILITY STUDY, HAD REQUESTED
TECHNICAL CONTRIBUTION FROM DOW
DURING PREPARATION PERIOD. ACCORDING TO DOW
INFORMATION, CDF HAD INITIALLY BEEN FRONT-RUNNER
IN DISCUSSIONS WITH HIMIC OFFICIALS, BUT
SUBSEQUENTLY DECIDED TO LOCATE FACILITY IN
PORTUGAL RATHER THAN GREECE. WHILE HIMIC IS
ALSO IN DISCUSSION WITH HOECHST, DOW BELIEVES THAT,
IF PROJECT MATERIALIZES, IT HAS STRONG
PROSPECTS FOR ALL OR PART OF PROPOSED COMPLEX.

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PAGE 02 ATHENS 04821 231341Z

2. ACCORDING TO DOW ANALYSIS, EVEN IF SIGNIFICANT
OIL DEPOSITS ARE LOCATED NEAR KAVALA, TRANSPORT
COSTS FOR EQUIPMENT AND LOWER LABOR PRODUCTIVITY
IN GREECE WOULD NOT MAKE COMPLEX, AS
PRESENTLY PROPOSED, COMMERCIALY COMPETITIVE.
THEY REPORT THAT PRESENT SPECIFICATIONS

PROVIDE FOR LESS THAN OPTIMAL PRODUCTION
SIZE AND THAT THERE IS NO SURE EXPORT MARKET
FOR SURPLUS PRODUCTION.

3. DOW DECISION TO PURSUE PROJECT WILL, THEREFORE,
DEPEND ON INCENTIVE PACKAGE OFFERED BY GOG. THEY
WOULD ALSO SEEK TO ALTER PROPOSED PRODUCTION
MIX, WHICH, THEY CLAIM, CONTAINS PRODUCTION WHICH
DIRECTLY PARALLELS THAT OF THE DOW PLANT IN
YUGOSLAVIA AND ESSO CHEMICAL PLANT AT THESSALONIKI.
SECONDLY, DOW PROPOSES TO BEGIN WITH
SECONDARY PRODUCTION RATHER THAN IMMEDIATE INSTALLATION
OF NAPHTHA UNITS.

4. IN CONCLUSION, DOW OFFICIAL NOTED THAT DECISION
TO PROCEED WITH INVESTMENT IN GREECE OF
THIS MAGNITUDE WILL DEPEND ON CAREFUL ASSESSMENT
OF POLITICAL CLIMATE AND OUTCOME OF RESTRICTIONS
AND LEGAL ACTION AGAINST DOW FACILITIES IN
ITALY WHICH, HE CLAIMED, WAS LEFTIST-INSTIGATED.
KUBISCH

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